

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6011**

**BILL NUMBER: SB 234**

**NOTE PREPARED:** Oct 22, 2004

**BILL AMENDED:**

**SUBJECT:** Award of State Contracts.

**FIRST AUTHOR:** Sen. Drozda

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** X **GENERAL  
DEDICATED  
FEDERAL**

**IMPACT:** State

**Summary of Legislation:** This bill provides that a contract for services entered into by a state agency after June 30, 2005, must require that: (1) all work under the contract be performed in the United States; and (2) the contractor file with the contracting agency an affidavit that the contractor has in its files an employment eligibility verification form required by the Immigration Reform and Control Act of 1986 for each individual that will be employed in the performance of the contract. This bill also requires the Department of Administration to adopt rules to implement the requirement. It also provides that a state agency may not enter into a contract for services until the rules (or interim written guidelines) are adopted.

**Effective Date:** Upon passage; July 1, 2005.

**Explanation of State Expenditures:** This bill limits state agencies to entering into service contracts with firms that perform the contracted service in the United States and who have filed an affidavit with the contracting agency that all the individuals employed in the contract are eligible to work in the United States under the federal Immigration Reform and Control Act. To the extent that this provision could potentially diminish the pool of eligible service providers that can bid for state service contracts, state contracting costs could increase. A specific fiscal analysis of the proposal is indeterminable as it will depend on the marketplace's response to the preference.

The DOA would be responsible for ensuring that all state contracts for services contain these two provisions. The administrative cost impact on the Department of Administration (DOA) is indeterminable.

This bill also requires the DOA to adopt rules to implement the bill. The DOA should be able to absorb any

additional administrative costs with existing resources. Ultimately, the source of funds and resources required to satisfy the requirements of this bill will depend upon legislative and administrative actions.

*Background Information:* As of October 19, 2004, there were 86 vacancies within the DOA. The DOA reverted \$760,867 in FY 2004.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of Administration; State agencies that contract for services; Attorney General's Office.

**Local Agencies Affected:**

**Information Sources:** Dan Dovenbarger, Department of Administration.

**Fiscal Analyst:** Adam Brown, 317-232-9854.